GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:2589
ANSWERED ON:10.05.2016
Pronab Sen Committee
Bhamre Dr. Subhash Ramrao

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Government has holistically implemented the recommendations of Pronab Sen Committee regarding the price control of life saving drugs;

(b) if so, the details and the outcome thereof; and

(c) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI HANSRAJ GANGARAM AHIR)

(a), (b) & (c): The Task Force headed by Dr. Pronab Sen which was constituted to explore options other than price control for achieving the objective of making available life-saving drugs at reasonable prices was of the opinion in 2005 that the DPCO 1995 which controls the prices of drugs on the basis of cost of production is neither very effective nor subserving its intent. An alternative system of price regulation was, therefore, proposed, which had the following features:-

(i) Price regulations should be imposed not on the basis of turnover, but on the "essentiality" of the drug and on strategic considerations regarding the impact of price control on the therapeutic class. This must be a dynamic process.
(ii) Price regulations should be applied only to formulations, i.e. the medicine actually used by the consumer, and not to upstream products such as bulk drugs. In other words, intra-industry transactions should not be controlled unless there are compelling reasons for doing so.

(iii) There should be no attempt to impose uniformity in prices of regulated drugs on a lowest common denominator basis, and only a ceiling should be prescribed. Companies should be free to decide their price quantity configuration within the prescribed price limit.
(iv) The ceiling prices of regulated drugs should normally not be based on cost of production, but on readily monitorable market-based benchmarks.

Further, it had mentioned that the National List of Essential Medicines (NLEM), 2003 should form the basis on which the selection of drugs for active regulation is made.

Subsequently, after the Ministry of Health & Family Welfare revised the National List of Essential Medicines, the Government after obtaining the approval of the Cabinet, notified the National Pharmaceutical Pricing Policy, 2012 (NPPP-2012) on 7th December, 2012 bringing under price control the medicines of strengths and dosage forms as specified in National List of Essential Medicines-2011 (NLEM-2011).

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